

## Cotton Outlook – July 2023

### World Cotton Scenario

According to the USDA, Global 2023-24 cotton area and production are projected as 31.9 million hectares (78.83 million acres) and 116.7 million bales of 217.72 Kg each compared to previous year 116.30 lakh bales which is 0.40 lakh bales (0.34%) above the 2022-23 estimates of cotton production led by India, USA, Brazil and Australia. China is projected at 27 lakh bales in 2023-24 followed by India (25.50 million bales), United States (16.50 million bales), Brazil (13.30 million bales) and Australia (5.90 million bales). During 2023-24, cotton area in China and India are projected at 2.95 million hectares (7.28 million acres) and 12.40 million hectares (30.64 million acres) respectively. According to the 3<sup>rd</sup> advance estimates, Telangana cotton production estimate was 58.54 lakh bales for 2022-23 as against 48.08 lakh bales in 2021-22.

### International Cotton Price Movement

Prices for the December NY/ICE contract (reflective of market expectations after the onset of the 2023/24 harvest) rose from levels below 80 cents/lb to as high as 84 cents/lb after the release of last month's report. Values then retreated below 80 cents/lb near the end of May before recovering to reach the current level near 82 cents/lb.

Chinese prices, represented by the China Cotton Index (CC 3128B), increased slightly over the past month (from 107 to 110 cents/lb). In domestic terms, prices rose from 16,300 and 17,400 RMB/ton. The RMB weakened against the dollar, from 6.94 to 7.13 RMB/USD.

Indian spot prices (Shankar-6 quality) decreased from 94 to 87 cents/lb between the middle and end of May. More recently, prices recovered some ground, and the latest values are near 91 cents/lb. Domestic prices decreased from 60,700 to 56,200 INR/candy before recovering to 58,000 INR/candy. The INR was steady against the dollar, holding near 82 INR/USD.

Pakistani prices were steady around 85 cents/lb during the past month. In domestic terms, prices held at exactly 20,000 PKR/maund since late April but ticked up to 20,300 in the latest data. The Pakistani rupee was generally stable near 285 PKR/USD.

**Table 1: International Price of Cotton (cents/lb)**

	Latest Value (9 <sup>th</sup> June 2023)	Latest Month (May 2023)	Last 12 Months (June 2022-May 2023)
NY Nearby	84.00	85.10	88.40
A Index	94.20	95.10	104.90
CC Index	110.70	108.40	103.10
Indian Spot	89.90	90.30	108.50
Pakistani Spot	86.00	85.10	94.20

Source: [www.cottoninc.com](http://www.cottoninc.com)

**Indian Cotton Scenario**

As on 7<sup>th</sup> July 2023, area under cotton during 2023-24 was 70.56 lakh ha as against 79.15 lakh ha in 2022-23 as compared to the previous year. Among the states, Gujarat is leading in cotton acreage with 20.26 lakh ha followed by Maharashtra (17.22 lakh ha), Telangana (10.06 lakh ha), Rajasthan (7.53 lakh ha) and Haryana (6.55 lakh ha).

**Table2: State wise area under cotton in India**

State	2022-23			2023-24		
	Area (lakh ha)	Area (lakh acres)	% to total area	Area (lakh ha)	Area (lakh acres)	% to total area
Gujarat	15.57	38.47	19.67	20.26	50.06	28.71
Maharashtra	27.62	68.25	34.90	17.22	42.55	24.40
<b>Telangana</b>	<b>12.12</b>	<b>29.95</b>	<b>15.31</b>	<b>10.06</b>	<b>24.86</b>	<b>14.26</b>
Rajasthan	6.02	14.88	7.61	7.53	18.61	10.67
Haryana	6.51	16.09	8.22	6.55	16.19	9.28
Others	11.31	27.95	14.29	8.94	22.09	12.67
All India	79.15	195.58	100.00	70.56	174.36	100.00

Source: [www.agricoop.nic.in](http://www.agricoop.nic.in)

**Domestic Trade information**

**Table 3: State wise Wholesale Prices Monthly Analysis for Cotton June, 2023 (Rs/Qtl)**

State	Prices June, 2023	Prices May, 2023	Prices June, 2022	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	7026	7147	11146	-1.69	-36.96
Gujarat	7203	7292	11227	-1.22	-35.84
Haryana	6922	7348	11078	-5.8	-37.52
Karnataka	7142	7278	10397	-1.87	-31.31
Madhya Pradesh	7058	7228	10223	-2.35	-30.96
Maharashtra	7147	7285	10442	-1.89	-31.56
Punjab	6771	2125		218.64	—
Rajasthan	7345	7650	11905	-3.99	-38.3
Tamil Nadu	6102	6500	9013	-6.12	-32.3
Telangana	6718	7153	10311	-6.08	-34.85
Average	6798.55	6700.6	10638		

Source: <https://agmarknet.gov.in>

**Cotton in Telangana**

In Telangana state during 2023-24 area under cotton as on 5<sup>th</sup> July was 24,86,688 acres as against 29,95,969 acres during 2022-23. Among the districts, Nalgonda stood first with 3,92,397 acres followed by Adilabad (3,75,519 acres), Asifabad (2,89,477 acres), Sangareddy (2,22,369 acres) and Narayanpet (1,56,770 acres).

**Table 4: District wise area under cotton in Telangana**

District	2022-23			2023-24		
	Area (ha)	Area (Acres)	% to total area	Area (ha)	Area (Acres)	% to total area
Nalgonda	79931.20	197514	6.59	158797.68	392397	15.78
Adilabad	160725.60	397161	13.26	151967.38	375519	15.10
K.B. (Asifabad)	98971.29	244563	8.16	117147.37	289477	11.64
Sangareddy	138199.96	341499	11.40	89989.68	222369	8.94
Narayanpet	54227.96	134000	4.47	63442.67	156770	6.30
Others	680371.50	1681232	56.12	424983.71	1050156	42.23
Telangana State	1212427.51	2995969	100.00	1006328.48	2486688	100.00

Source: [www.agri.telangana.gov.in](http://www.agri.telangana.gov.in)

**Cotton Prices in Telangana**

**Table 5: Arrivals and Prices of Cotton at Warangal Market in the Month of June, 2023**

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	397	5,500	6,830	6,300
2	441	6,000	7,000	6,700
3	34	5,500	7,000	6,400
5	433	5,500	7,000	6,300
6	651	6,500	7,210	7,000
8	720	5,800	7,075	6,800
9	592	5,500	7,060	6,800
12	727	5,800	7,070	6,850
13	998	5,500	7,060	6,800
19	1,145	5,500	7,060	6,600
20	758	4,500	6,900	5,500
22	892	5,000	6,900	5,800
23	451	4,500	6,810	5,500
26	708	5,200	6,660	6,000
27	273	5,000	6,650	5,800
28	333	5,200	6,650	6,000
30	269	4,500	6,600	5,800

Source: <http://tsmarketing.in/>

Cotton Outlook

According to the Brazilian Cotton Growers Association, cotton trade between China and Brazil is expected to be handled in Yuan, in the near future. In the upcoming years, Brazilian cotton exports to China are anticipated to surpass those of the United States. China imported 382,000 tonnes of cotton in the first four months.

The Cotton Association of India in its latest estimate of the cotton crop for 2022-23 season has reduced its cotton production estimate by 10 lakh bales to 303 lakh bales from 313 lakh bales with reduction in Punjab, Maharashtra, Telangana, and Andhra Pradesh.

Cotton imports increased to 15 lakh bales whereas exports reduced to 25 lakh bales from previous 30 lakh bales. Domestic consumption was estimated at 311 lakh bales. Overall, the ending stock for the 2022-23 season was estimated at 13.89 lakh bales. As per Cotton Association of India, Cotton arrivals between October 2022 to March 2023 were estimated at 190.63 lakh bales.

Pink bollworm infestation in cotton has been spotted in some fields of Abohar district in Punjab. The infestation is below economic threshold level (ETL) and mostly the early sown cotton crop is affected; the agriculture department is on alert and guiding farmers to use preventive measures.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton may trade at price range between Rs.6500 – 6800 per quintal during July 2023.